



DADE COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-88
September 29, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 1999

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Dade, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Dade County was a financial and compliance audit of various county operating funds.

< The county overspent its Special Road and Bridge Fund budget in 1998. The audit recommended officials not authorize warrants in excess of budgeted expenditures.

The audit also includes some other matters upon which the county should consider and take appropriate corrective action.

Copies of the audit are available upon request.

YELLOW SHEET

DADE COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

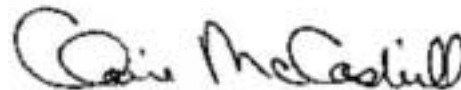
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dade County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Dade County, Missouri, has not presented the disclosures required by Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, that the GASB has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000-compliant, that the county's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000-compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 24, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 24, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Dade County, Missouri

We have audited the special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 24, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

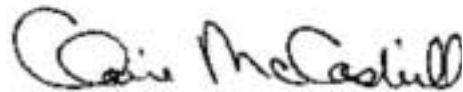
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Dade County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 98-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Dade County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not

necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

May 24, 1999 (fieldwork completion date)

Financial Statements

Exhibit A-1

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 463,033	409,298	421,953	450,378
Special Road and Bridge	247,065	943,143	909,826	280,382
Assessment	34,331	74,832	84,820	24,343
Law Enforcement	13,102	396,169	380,953	28,318
Prosecuting Attorney Training	1,401	507	0	1,908
Health Center	87,135	220,801	239,677	68,259
Law Enforcement Training	0	2,702	1,133	1,569
Prosecuting Attorney Bad Check	2,064	5,063	6,394	733
Prosecuting Attorney Delinquent Tax	910	560	0	1,470
Domestic Violence	35	335	0	370
Recorder User Fee	4,047	3,897	3,664	4,280
Law Library	121	2,991	3,103	9
Circuit Clerk Interest	6,180	1,299	279	7,200
Associate Circuit Division Interest	1,175	890	0	2,065
Total	\$ 860,599	2,062,487	2,051,802	871,284

The accompanying Notes to the Financial Statements are an integral part of this statement.

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 505,722	435,677	478,366	463,033
Special Road and Bridge	228,021	821,714	802,670	247,065
Assessment	40,642	69,163	75,474	34,331
Law Enforcement	3,998	389,604	380,500	13,102
Prosecuting Attorney Training	998	699	296	1,401
Health Center	106,966	245,823	265,654	87,135
Prosecuting Attorney Bad Check	1,602	4,296	3,834	2,064
Prosecuting Attorney Delinquent Tax	803	107	0	910
Domestic Violence	30	225	220	35
Recorder User Fee	5,388	3,378	4,719	4,047
Law Library	187	2,544	2,610	121
Circuit Clerk Interest	5,070	1,110	0	6,180
Associate Circuit Division Interest	1,013	451	289	1,175
Total	\$ 900,440	1,974,791	2,014,632	860,599

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

DADE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 GENERAL REVENUE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 46,800	52,081	5,281	67,000	46,762	-20,238
Sales taxes	201,789	192,462	-9,327	170,000	205,681	35,681
Intergovernmental	27,211	38,264	11,053	14,740	45,979	31,239
Charges for services	72,500	71,559	-941	77,800	74,519	-3,281
Interest	20,000	27,122	7,122	23,536	17,821	-5,715
Other	7,150	12,810	5,660	9,500	16,645	7,145
Transfers in	14,650	15,000	350	34,500	28,270	-6,230
Total Receipts	390,100	409,298	#VALUE!	397,076	435,677	#VALUE!
DISBURSEMENTS						
County Commission	43,200	42,693	507	43,350	41,783	1,567
County Clerk	37,744	41,875	-4,131	51,894	48,038	3,856
Elections	24,050	25,952	-1,902	10,750	8,500	2,250
Buildings and grounds	47,955	32,488	15,467	56,200	56,102	98
Employee fringe benefits	26,740	23,488	3,252	39,366	40,190	-824
County Treasurer and Ex-Officio Collector	45,871	44,725	1,146	46,807	48,209	-1,402
Circuit Clerk and Ex-Officio Recorder	24,103	22,355	1,748	40,504	33,654	6,850
Associate Circuit Court	18,060	16,647	1,413	21,960	18,713	3,247
Public Administrator	6,220	5,412	808	5,789	6,012	-223
Insurance	14,000	6,432	7,568	9,500	13,318	-3,818
University extension	27,327	24,827	2,500	26,700	34,475	-7,775
LEPC	6,000	11,107	-5,107	5,000	6,482	-1,482
Other	21,550	23,952	-2,402	13,800	7,890	5,910
Transfers out	125,000	100,000	25,000	147,164	115,000	32,164
Emergency Fund	15,000	0	15,000	11,912	0	11,912
Total Disbursements	482,820	421,953	60,867	530,696	478,366	52,330
RECEIPTS OVER (UNDER) DISBURSEMENTS	-92,720	-12,655	#VALUE!	-133,620	-42,689	#VALUE!
CASH, JANUARY 1	463,033	463,033	0	505,722	505,722	0
CASH, DECEMBER 31	\$ 370,313	450,378	#VALUE!	372,102	463,033	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

DADE COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
 SPECIAL ROAD AND BRIDGE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 25,137	39,824	14,687	21,500	21,575	75
Intergovernmental	506,330	880,761	374,431	880,000	780,487	-99,513
Interest	10,000	14,059	4,059	13,291	12,307	-984
Other	6,500	8,499	1,999	5,000	7,345	2,345
Total Receipts	547,967	943,143	395,176	919,791	821,714	-98,077
DISBURSEMENTS						
Salaries	9,000	4,650	4,350	12,500	11,892	608
Employee fringe benefits	694	414	280	1,556	1,107	449
Supplies	2,200	1,660	540	1,300	1,843	-543
Insurance	1,000	0	1,000	3,000	0	3,000
Road and bridge materials	140,000	158,425	-18,425	120,000	181,401	-61,401
Equipment repairs	15,000	0	15,000	1,000	0	1,000
Equipment purchases	1,500	6,535	-5,035	2,500	381	2,119
Construction, repair, and maintenance	27,000	22,006	4,994	465,000	238,975	226,025
Distributions to townships and road districts	400,000	700,934	-300,934	325,000	354,394	-29,394
Other	1,000	202	798	1,000	177	823
Transfers out	13,000	15,000	-2,000	18,000	12,500	5,500
Total Disbursements	610,394	909,826	-299,432	950,856	802,670	148,186
RECEIPTS OVER (UNDER) DISBURSEMENTS	-62,427	33,317	95,744	-31,065	19,044	50,109
CASH, JANUARY 1	247,065	247,065	0	228,021	228,021	0
CASH, DECEMBER 31	\$ 184,638	280,382	95,744	196,956	247,065	50,109

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
ASSESSMENT FUND

		Year Ended December 31,					
		1998			1997		
				Variance Favorable (Unfavorable)			Variance Favorable (Unfavorable)
		Budget	Actual		Budget	Actual	
RECEIPTS							
Intergovernmental	\$	73,660	72,160	-1,500	68,066	65,831	-2,235
Charges for services		1,340	375	-965	600	1,374	774
Interest		1,500	2,297	797	2,401	1,958	-443
Transfers in		0	0	0	10,164	0	-10,164
Total Receipts		76,500	74,832	-1,668	81,231	69,163	-12,068
DISBURSEMENTS							
Assessor		92,419	84,820	7,599	78,561	72,666	5,895
Transfer out		0	0	0	2,570	2,808	-238
Total Disbursements		92,419	84,820	7,599	81,131	75,474	5,657
RECEIPTS OVER (UNDER) DISBURSEMENTS		-15,919	-9,988	5,931	100	-6,311	-6,411
CASH, JANUARY 1		34,331	34,331	0	40,642	40,642	0
CASH, DECEMBER 31	\$	18,412	24,343	5,931	40,742	34,331	-6,411

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
LAW ENFORCEMENT FUND

		Year Ended December 31,					
		1998			1997		
			Variance Favorable			Variance Favorable	
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Sales taxes		180,000	193,164	13,164	170,000	187,146	17,146
Intergovernmental		49,000	48,793	-207	52,000	50,544	-1,456
Charges for services		35,000	50,267	15,267	22,000	34,588	12,588
Interest		0	1,327	1,327	0	0	0
Other		1,200	2,618	1,418	1,100	2,326	1,226
Transfers in		115,000	100,000	-15,000	137,000	115,000	-22,000
Total Receipts		380,200	396,169	15,969	382,100	389,604	7,504
DISBURSEMENTS							
Sheriff		257,971	263,054	-5,083	255,177	257,898	-2,721
Prosecuting Attorney		58,284	60,908	-2,624	58,156	55,145	3,011
Juvenile Officer		30,892	23,772	7,120	21,885	19,263	2,622
Coroner		1,530	1,530	0	1,530	1,530	0
Fringe benefits		24,956	23,577	1,379	30,010	26,226	3,784
Court administration		8,700	8,112	588	8,000	7,476	524
Transfers out		0	0	0	11,000	12,962	-1,962
Total Disbursements		382,333	380,953	1,380	385,758	380,500	5,258
RECEIPTS OVER (UNDER) DISBURSEMENTS		-2,133	15,216	17,349	-3,658	9,104	12,762
CASH, JANUARY 1		13,102	13,102	0	3,998	3,998	0
CASH, DECEMBER 31	\$	10,969	28,318	17,349	340	13,102	12,762

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

DADE COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
PROSECUTING ATTORNEY TRAINING FUND

Year Ended December 31,			
1997			
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Charges for services	1,100	699	-401
Total Receipts	1,100	699	-401
DISBURSEMENTS			
Prosecuting Attorney	1,500	296	1,204
Total Disbursements	1,500	296	1,204
RECEIPTS OVER (UNDER) DISBURSEMENTS	-400	403	803
CASH, JANUARY 1	998	998	0
CASH, DECEMBER 31	\$ 598	1,401	803

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

DADE COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL
HEALTH CENTER FUND

		Year Ended December 31,					
		1998			1997		
				Variance Favorable			Variance Favorable
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Property taxes	\$	49,000	52,817	3,817	48,850	48,872	22
Intergovernmental		138,000	126,995	-11,005	125,025	138,284	13,259
Charges for services		48,500	29,523	-18,977	64,000	43,983	-20,017
Interest		5,000	5,268	268	6,500	4,274	-2,226
Other		9,500	6,198	-3,302	14,000	10,410	-3,590
Total Receipts		250,000	220,801	-29,199	258,375	245,823	-12,552
DISBURSEMENTS							
Salaries and fringe benefits		220,000	200,884	19,116	208,000	204,493	3,507
Office expenditures		8,000	6,089	1,911	9,000	7,889	1,111
Equipment and supplies		12,500	13,040	-540	14,000	18,066	-4,066
Mileage and training		17,000	16,112	888	15,000	17,322	-2,322
Other		2,500	3,552	-1,052	17,000	17,884	-884
Total Disbursements		260,000	239,677	20,323	263,000	265,654	-2,654
RECEIPTS OVER (UNDER) DISBURSEMENTS		-10,000	-18,876	-8,876	-4,625	-19,831	-15,206
CASH, JANUARY 1		87,135	87,135	0	106,966	106,966	0
CASH, DECEMBER 31		\$ 77,135	68,259	-8,876	102,341	87,135	-15,206

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

DADE COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Dade County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board of Trustees. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Training Fund	1998
Law Enforcement Training Fund	1998
Prosecuting Attorney Bad Check Fund	1998 and 1997
Domestic Violence Fund	1998 and 1997
Recorder User Fee Fund	1998 and 1997
Law Library Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Circuit Division Interest Fund	1998 and 1997

Warrants issued were in excess of budgeted amounts for the Special Road and Bridge Fund in 1998 and the Health Center Fund in 1997. Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	1998 and 1997
Law Library Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Circuit Interest Fund	1998 and 1997

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the Ex Officio County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the Ex Officio County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depository insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 1998, \$1,206,685 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$305,778 was uninsured and uncollateralized.

Of the county's bank balance at December 31, 1997, \$1,238,324 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$308,369 was uninsured and uncollateralized.

Furthermore, because of significantly higher bank balances at certain times during the year, the amounts of uninsured and uncollateralized balances were substantially higher at those times than such amounts at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 1994, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

The Health Center's deposits at December 31, 1998 and 1997 were entirely covered by federal depositary insurance or by collateral securities held by the health center's custodial bank in the health center's name.

3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$78,521 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$35,944. As of December 31, 1998, \$15,524 remains to be paid.

Supplementary Schedule

Schedule

DADE COUNTY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1998	1997
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health - Special				
Supplemental Nutrition Program for				
10.6	Women, Infants, and Children	ERO045-8128	\$ 24,826	23,843
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
Office of Administration -				
12.1	Payments to States in Lieu of Real Estate Taxes	N/A	6,985	0
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and				
Transportation Commission - Off-System				
Bridge Replacement and Rehabilitation				
20.2	Program	BRO-029-3	57,447	256,023
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
Emergency Management - State and Local				
83.5	Assistance	1253MO44507	283,827	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
93.3	Department of Health - Immunization Grants	N/A	2,330	2,543
Department of Social Services - Child Support				
93.6	Enforcement	N/A	3,393	3,385
Department of Health -				
93.6	Child Care and Development Block Grant	ERO146-8128	2,025	1,108
Maternal and Child Health Services				
94.0	Block Grant to the States	ERO146-8128	12,638	15,180
Total Expenditures of Federal Awards			\$ 393,471	302,082

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

DADE COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Dade County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because Dade County expended no noncash awards for the years ended December 31, 1998 and 1997, the schedule includes expenditures of cash awards only.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided \$281,036 to subrecipients under Emergency Management - State and Local Assistance (CFDA number 83.534 during the year ended December 31, 1998.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Dade County, Missouri

Compliance

We have audited the compliance of Dade County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

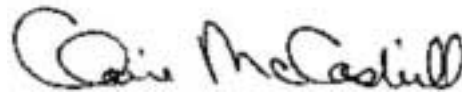
In our opinion, Dade County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997.

Internal Control Over Compliance

The management of Dade County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of Dade County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 24, 1999 (fieldwork completion date)

Schedule

DADE COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 1998 AND 1997

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? yes x no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
20.205	Off-System Bridge Replacement and Rehabilitation Program
83.534	Emergency Management - State and Local Assistance

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

This section includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

98-1.	Budgets
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Warrants in the amount of \$299,432 were issued in excess of approved budgeted expenditures for the Special Road and Bridge Fund in 1998 primarily due to unanticipated Federal Emergency Management monies being received and spent..

It was ruled in State Ex. Rel. Strong v. Cribb, 364 Mo.1122, 273 SW 2d 246 (1954), that strict compliance with the county budget law is required by county officials.

If there are valid reasons which necessitate excess expenditures, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo Cumulative Supp. 1998, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

WE RECOMMEND the County Commission not authorize warrants in excess of budgeted expenditures.

AUDITEE'S RESPONSE

The County Commission responded that they concur and that budgets will be amended as required.

The County Clerk responded that in the future, no checks will be issued unless there are sufficient budget funds available.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

DADE COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1996, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

DADE COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior report issued for the two years ended December 31, 1996, included no audit findings that Section .510 (a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

SECTION ON OTHER MATTERS

Letter on Other Matters

DADE COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Dade County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 24, 1999. We also have audited the compliance of Dade County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 24, 1999.

We did not review the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be reviewed and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audit of the special-purpose financial statements of Dade County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgets and Financial Statements

Budgets were not prepared for various county funds for the two years ended December 31, 1998. The county's annual published financial statements did not include the financial activity of some county funds.

2. County Expenditures

The county did not always solicit bids nor was bid documentation always retained for various purchases. Some lodging and meal expenses paid from the Prosecuting Attorney Bad Check Fund did not appear reasonable. Adequate documentation of training expenses incurred by an employee of the Sheriff's department was not provided.

3. County Clerk's Procedures

The County Clerk did not maintain an account book with the Ex Officio County Collector. Property tax additions are added to the tax books by the Ex Officio County Collector and Township Collectors only when taxes are paid. As a result, this process does not allow for an independent review or a complete delinquent tax amount.

4. Personnel Procedures

Time cards and time sheets of the Sheriff's department employees were not always signed by the employee and their supervisor.

5. Collateral Securities

The amount of collateral securities pledged by the county's depository banks at January 4, 1999 and December 31, 1998 and 1997 were insufficient to cover monies in the custody of the County Treasurer and Ex Officio County Collector.

This Letter on Other Matters is intended for the information of the management of Dade County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.